

Rio Algom Corporation



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File

ACT/037/001

June 6, 1979.

Department of Natural Resources,
State of Utah,
Division of Oil, Gas and Mining,
1588 West North Temple,
Salt Lake City, Utah.
84116

Attention: Ronald W. Daniels,
Coordinator of Mined Land Development.

Dear Sirs:

Further to our recent conversation, I have now received drafts of the Mined Land Reclamation Agreement and Escrow Agreement. These are satisfactory, however, prior to execution I would like to confirm:

- a) that the date for commencement of the fund is May 1, 1978, and that,
- b) the Citibank is acceptable as the Escrow Agent.

As soon as I have your advice on these matters I will have the documents executed and returned.

Yours very truly,

J. A. Bush,
Counsel.

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

* ESCROW AGREEMENT *

AGREEMENT made this day of 1978, between
the Board of Oil, Gas, and Mining, hereinafter called the Board, and Rio
Algom Corporation, hereinafter called the Operator, and Citibank,
N. A. , hereinafter called the ESCROWEE.

WHEREAS, the Board and the Operator have entered into a Mined Land Reclamation Agreement dated the day of 1978 (hereinafter referred to as the Reclamation Agreement) upon terms and conditions therein set forth.

WHEREAS, the Operator desires to execute an Escrow Agreement in lieu of furnishing a Bond or other form of surety for the purpose of meeting the requirements of Section 40-8-14, UCA, 1953.

IT IS THEREFORE AGREED:

1. Deposit of Escrow Funds

Commencing on the 1st day of _____, _____, and on the same date annually thereafter, the escrowee agrees to accept and the operator agrees to deposit \$75,973 in what will hereinafter be referred to as the escrow fund, until such time as the said escrow fund contains \$3,064,312 including interest earned. The cumulative amount, including the current deposit and interest earned, which shall be in the escrow fund on the first day of _____ in each year shall be as shown in the Schedule "A" attached hereto. The said schedule for calculations on the assumption that the escrow fund will earn income at the rate of 5% annually. If the income earning experience of the escrow fund is less than sufficient to equal the annual value shown in the attached schedule "A" in any particular year, then the operator agrees to increase the amount of the deposit for that year so that the value of the escrow fund, after crediting the deposit, will be the amount shown in the attached schedule for the appropriate year. Deposits shall continue to be made to the escrow fund for 22 years or until such time as the total amount in the escrow fund is \$3,064,312 or such lesser amount provided for in paragraph 4 of the Mined Land Reclamation Agreement, which ever shall first occur.

2. Depository of Fund

The fund shall be held by the Escrowee in an interest bearing account separate and apart from the personal funds of the Escrowee until such time as the Escrowee receives written direction, with respect to the disbursement of said Fund, together with interest earned thereby signed by both the Board and the Operator. The Escrow Fund or any part thereof may be invested in Treasury Bills, Notes or Bonds issued by the U.S. Government or by its agencies, or by any state and in Bonds or Commercial Paper issued by corporations, banks and utilities which have a Single A or higher bond rating from either Standard and Poor's Corporation or Moody's. The Operator is hereby authorized to instruct and direct the Escrowee with respect to investment of monies in the Escrow Fund.

Any cash balances in the Escrow Fund resulting from contributions, earned interest or proceeds from sale, maturity or other repayment of any investment will be deposited in an interest bearing account for benefit of the Escrow Fund.

3. Disputes

In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any money, or property involved herein or affected hereby, the Escrowee shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrowee shall not become liable to the undersigned or any of them or to any other person for failure or refusal to comply with such conflicting or adverse demands and the Escrowee shall be entitled to continue to refrain and refuse to act until:

- (a) the rights of the adverse claimants having been finally adjudicated in a court assuming and having jurisdiction of the parties, the money and property involved herein or affected hereby; and/or
- (b) all differences shall have been adjusted by agreement and the Escrowee shall have been notified thereof in writing signed by all of the interested parties.

4. Liability of Escrowee

The Escrowee shall not be liable for any error of judgement or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection herewith, except his own wilful misconduct.

5. Protection of Escrowee

The Escrowee shall be protected in acting upon any notice, request, waiver, consent, receipt of other paper or document believed by the Escrowee to be genuine and to be signed by the proper party or parties.

The Escrowee (i) shall not be under any duty to give the property held hereunder any greater degree of care than it gives its own similar property, and (ii) shall not be required to invest any funds held hereunder unless so directed herein.

This letter sets forth exclusively the duties of the Escrowee with respect to any and all matters pertinent hereto and no implied duties or obligations shall be read into this letter against the Escrowee.

The Escrowee makes no representation as to the validity, value, genuineness or the collectibility of any security or other document or instrument held by or delivered to it.

The Escrowee shall not be called upon to advise any party as to the wisdom in selling or retaining any securities deposited hereunder.

Rio Algom Corporation agrees to pay the Escrowee compensation for its services hereunder, which compensation shall be (see attached) at the time of acceptance and (see attached) annually thereafter and agrees to reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by the Escrowee in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel).

The Escrowee does not have and will not have any interest in the securities, or any of them, deposited hereunder but is serving only as escrow holder and having only possession thereof. Rio Algom agrees to pay all transfer taxes relating to the securities and any of them and agrees to reimburse, indemnify and hold harmless the Escrowee from any amounts that it is obligated to pay in the way of transfer taxes. The immediately preceding agreement survives, despite any termination of this Escrow Agreement or the resignation or removal of the Escrowee.

This Agreement shall be construed and enforced according to the laws of the State of Utah.

The rights created by this Agreement shall inure to the benefit of, and the obligations created hereby shall be binding upon, the heirs, administrators, successors, representatives and assigns of the Escrowee and all parties to this Agreement.

All notices, instructions or other communications among the parties hereto will be in writing and addressed as follows:

TO THE BOARD: State of Utah
 Department of Natural Resources
 Board of Oil, Gas, and Mining
 1588 West North Temple
 Salt Lake City, Utah 84116

TO THE OPERATOR: Rio Algom Corporation

TO THE ESCORWEE:

6. ACCOUNTING

The Escrowee shall provide to board and to operator a monthly cash statement showing the beginning and ending cash balance and all transactions taking place during the month.

7. This Agreement may not be altered or modified without the express written consent of the Operator, the Board and the Escrowee.
8. Any Court Order delivered to the Escrowee will be accompanied by a legal opinion by Counsel for the presenting party to the effect that the Court order is final and unappealable.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this day of 1978.

RIO ALGOM CORPORATION

Vice President

Secretary

ESCROWEE

BOARD OF OIL, GAS, AND MINING